

Message Text

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ORIGIN EB-07

INFO OCT-01 IO-11 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 OIC-02 NSCE-00

SSO-00 USIE-00 INRE-00 /088 R

DRAFTED BY EB/OT/GCP:RLANDERS:JM

APPROVED BY EB/OT/GCP:SAHMAD

EB/OT/TA:GSTREEB

EB/OT/STA:MGOLDMAN

STR:BSTEINBOCK

STR:DWHITNACK (PHONE)

COMMERCE:DGARDNER- AGR:RHARPER

COMMERCE:WPOUNDS (PHONE)

TREASURY:AGAULT- LAB:DWANNAMAKER

TREASURY:WWARTHEN (PHONE)

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FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: INSTRUCTIONS FOR APRIL 12-13 CTD MEETING

REF: GENEVA 2117

AGENDA ITEM 1 - DEVELOPMENTS WITH RESPECT TO THE IMPLEMEN-

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TATION OF PART IV, INCLUDING ACTIONS OF INTEREST WHICH

MAY HAVE BEEN TAKEN BY GOVERNMENTS AND IN OTHER INTERNATIONAL ORGANIZATIONS.

1. BACKGROUND--THIS ITEM IS ALWAYS INCLUDED ON THE AGENDA FOR CTD MEETINGS AND IS USED INTER ALIA AS AN OPPORTUNITY FOR DEVELOPED COUNTRY CONTRACTING PARTIES TO ANNOUNCE MEASURES WHICH THEY HAVE TAKEN BENEFITTING THE TRADING INTERESTS OF THE LDC'S. THE U.S. HAS TAKEN TWO SUCH ACTIONS SINCE THE NOVEMBER CTD SESSION. CONGRESS PASSED AND THE PRESIDENT SIGNED INTO LAW A BILL SUSPENDING DUTIES ON NATURAL GRAPHITE, TSUS ITEMS 517.21, 517.24, AND 517.27, OF WHICH LDC'S WERE THE SUPPLIERS OF 100 PERCENT, 62 PERCENT AND 98 PERCENT OF U.S. IMPORTS RESPECTIVELY IN 1974. (THE ITC RULED ON TSUS 517.27 THAT THERE IS NO LIKE OR DIRECTLY COMPETITIVE PRODUCT PRODUCED IN THE U.S. AND IT IS, THEREFORE, NOT SUBJECT TO COMPETITIVE NEED CEILINGS.)

THE OTHER AND MORE SIGNIFICANT ACTION WHICH THE U.S. TOOK WAS THE IMPLEMENTATION OF ITS GENERALIZED SYSTEM OF PREFERENCES (GSP). WE REPORTED PROGRESS ON THE GSP IN DETAIL AT THE LAST SEVERAL CTD SESSIONS AND HAVE ANNOUNCED ITS IMPLEMENTATION IN A VARIETY OF OTHER INTERNATIONAL FORA. THE MISSION HAS INDICATED THAT MAJOR FANFARE AT THE CTD MAY NOT THEREFORE BE APPROPRIATE. HOWEVER, A STATEMENT SHOULD BE DELIVERED AND THE U.S. DELEGATION SHOULD BE PREPARED TO RESPOND TO LDC QUESTIONS AND COMMENTS ON THE SYSTEM AND ON CHANGES MADE SUBSEQUENT TO ITS IMPLEMENTATION.

2. U.S. POSITION--U.S. DELEGATION SHOULD ANNOUNCE THAT THE U.S. GOVERNMENT HAS SUSPENDED DUTIES ON IMPORTS OF NATURAL GRAPHITE UNTIL JUNE 30, 1978. THESE PRODUCTS ARE OF PARTICULAR INTEREST TO DEVELOPING COUNTRIES AS THEY SUPPLY APPROXIMATELY TWO THIRDS OF U.S. IMPORTS. IF THE ISSUE IS RAISED, U.S. DEL SHOULD ACKNOWLEDGE THAT THESE PRODUCTS ARE ALL INCLUDED IN THE U.S. GSP BUT SHOULD POINT OUT THAT, IN THE ABSENCE OF THE DUTY SUSPENSION, SOME LDC EXPORTS TO THE U.S. WOULD HAVE BEEN DUTIABLE BECAUSE OF THE COMPETITIVE NEED CEILINGS. --U.S. DEL SHOULD MAKE APPROPRIATE ANNOUNCEMENT OF IMPLEMENTATION OF U.S. LIMITED OFFICIAL USE

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GSP, DRAWING ON STATE 277543 OF NOVEMBER 21, 1975, AS UPDATED BY STATE 42804 OF FEBRUARY 21, 1976, STATE 49462 OF MARCH 1, 1976, AND STATE 82441 OF APRIL 6, 1976. IF PARTICULAR QUESTIONS, EITHER TECHNICAL OR POLICY, ARE RAISED, U.S. DELEGATION SHOULD ANSWER THEM ON THE BASIS OF GUIDANCE PREVIOUSLY RECEIVED OR AGREE TO REQUEST A RESPONSE FROM WASHINGTON, AS APPROPRIATE.

AGENDA ITEM 2 - DEVELOPMENTS IN THE MULTILATERAL TRADE NEGOTIATIONS SINCE THE LAST MEETING.

3. BACKGROUND--SINCE THE LAST MEETING OF THE CTD, NOVEMBER 12-14, 1976, THE THREE MAJOR DEVELOPMENTS IN THE MTN HAVE BEEN THE TABLING OF TROPICAL PRODUCTS OFFERS, THE U.S. PRESENTATION OF A TARIFF CUTTING FORMULA, AND THE BRAZILIAN PROPOSAL FOR A TNC REFORM GROUP.

4. U.S. POSITION--U.S. DELEGATION SHOULD PARTICIPATE IN REVIEW OF RECENT ACTIVITIES IN THE MTN AND ON THE BASIS OF PREVIOUS GUIDANCE BE PREPARED IF REQUESTED TO OFFER A REPORT ON THE STATUS OF OUR TROPICAL PRODUCTS NEGOTIATIONS AND AN EXPLANATION OF U.S. TARIFF CUTTING FORMULA.

AGENDA ITEM 4 - OTHER BUSINESS--IF ESCAPE CLAUSE ACTIONS QUESTIONS ARISE, U.S. DEL SHOULD DRAW ON FOLLOWING AS

APPROPRIATE: THE INTERNATIONAL TRADE COMMISSION (ITC) HAS RECENTLY SUBMITTED RECOMMENDATIONS TO THE PRESIDENT REGARDING CERTAIN REQUESTS FOR IMPORT RELIEF ON ITEMS OF INTEREST INTER ALIA TO DEVELOPING COUNTRIES. THIS PROCEDURE, AS PROVIDED IN THE "ESCAPE CLAUSE" PROVISION OF THE TRADE ACT OF 1974, IS AN OPEN ONE WHICH INVITES ALL INTERESTED PARTIES, FOREIGN AND DOMESTIC, TO SUBMIT VIEWS ON THE CASES IN QUESTION. IN SEVERAL RECENT INSTANCES OF INTEREST TO DEVELOPING COUNTRIES, THE ITC HAS FOUND THAT IMPORTS WERE NOT CAUSING INJURY, AND THUS NO RELIEF ACTION WAS WARRANTED. EXAMPLES OF THIS INCLUDE CERTAIN GLOVES AND CIGAR WRAPPER TOBACCO. IN THE CASE OF ASPARAGUS, THE ITC WAS EVENLY SPLIT IN ITS FINDING, AND THE PRESIDENT DECIDED THAT IMPORT RELIEF WAS NOT NEEDED.

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ON FOOTWEAR, ITC UNANIMOUSLY FOUND SERIOUS INJURY OR THREAT THEREOF TO U.S. NON-RUBBER FOOTWEAR INDUSTRY RESULTING FROM INCREASED IMPORTS OF NON-RUBBER FOOTWEAR

INTO THE U.S. THE PRESIDENT MUST DECIDE BY APRIL 20 REGARDING REMEDIAL MEASURES TO BE TAKEN. ON MUSHROOMS, THE ITC FOUND INJURY AND THREE COMMISSIONERS RECOMMENDED A PROGRAM OF ADJUSTMENT ASSISTANCE. A FINAL DECISION ON THIS CASE MUST BE MADE BY THE PRESIDENT BY MAY 17. ON STAINLESS STEEL FLATWARE, THE ITC FOUND INJURY AND SUBMITTED ALTERNATIVE RECOMMENDATIONS TO THE PRESIDENT ON MARCH 1. AGENCIES HAVE JUST BEGUN DELIBERATIONS ON THIS REPORT, WITH A PRESIDENTIAL DECISION REQUIRED BY MAY 1.

THROUGHOUT THE ADMINISTRATION'S DELIBERATIONS ON THESE

AND SIMILAR ISSUES, CAREFUL CONSIDERATION HAS BEEN AND IS
BEING GIVEN TO THE INTERESTS AND VIEWS OF OUR TRADING
PARTNERS, INCLUDING THOSE OF THE DEVELOPING COUNTRIES. KISSINGER

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